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The Next Big Thing: The Decline of Traditional Lines of Business
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Question

What is the next big thing in the management of IT?

Answer

The next big thing that will affect IT from a management perspective is the dramatic reduction in the power and importance of product-oriented lines of business. In the vast majority of organizations, the lines of business have the authority to buy what they want and deploy as they see fit — enterprise needs are largely secondary. In many industries, such as financial services, organizations lack even the mechanisms to efficiently make cross-business unit decisions. In most cases, to make tough enterprise decisions that conflict with leaders of powerful business lines, the chief executive is forced to be more involved. In one Fortune 50 company, the CEO had to make the decision on what e-mail system everyone would use. In another, the CEO had to decide that a single enterprise resource planning (ERP) systems was required and which one it would be. Chief executives should rarely be involved at this level of decision-making. When this happens, it is usually a sign of an inability to prioritize across business lines.

Due to the increasing need to reduce IT costs and improve customer service, some public and private sector organizations are considering reorganizations along customer and/or process lines. A North American bank is attempting to form its nine product business lines into three divisions along customer groups. A federal agency is attempting to reorganize large pieces of the agency along processes such as citizen service. In addition to the above reasons, this is something new and very complex and it will require a lot of help to be implemented. Therefore, the media, consultants and academics will be drawn to it — it will get a lot of attention.

Like many "big things," changes will come slowly, particularly at first. Even more slowly because much of the change will come at the expense of some of the most powerful people in the organization — the leaders of the business units. As these changes come, though, they will have the following effects on IT organizations:

- IT will be reorganized: For example, businesses with autonomous IT groups that are reorganized along customer lines will need to reorganize their IT groups — possibly along similar lines. There is however, no rule that the IT organization needs to mirror the structure of the enterprise.

- Specific groups will be created and/or enhanced: Some IT groups are particularly well suited to cross-divisional work. These include internal consulting, technology research, architecture and planning.

- Prioritization will become more sophisticated: Prioritizing within a line of business is simpler and

less political than across business lines. Techniques that result in greater rigor and objectivity and that can deal with more projects and variables will be required.

- Enterprise applications will dominate the primary business processes: These include the traditional ones of customer relationship management (CRM) and ERP. However, other less well-known applications will gain in importance. These will be in areas of human capital management (HCM) and collaboration to deal with the greater number of resources to manage and the value of their collective knowledge, respectively.